SALES & MARKETING MANAGEMENT

APRIL 1991
A BILL PUBLICATION
FOUR DOLLARS

WAR OF THE WORDS

A Conversation on Conversation
With Best-Selling
Author Deborah Tannen

Incentives
Starting a Sales Force from Scratch
Five Steps to More Effective Marketing
Send in the Specialists!

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ESTABLISHED 1918

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ABP BPA

THE RACE

UPDATE: POWER SELLING '91

I'm delighted to report that the response to our "Power Selling '91" conference and exposition (slated for September 11-13, 1991) has been nothing short of overwhelming. In a little less than three months since the show was announced, we've had more than 1,000 inquiries from potential registrants and sold nearly one-third of the available booth space.

Obviously, this kind of enthusiastic support from the sales and marketing community puts a lot of pressure on us to deliver an informative and stimulating program, one that will meet the expectations and demands of our readers and other potential attendees. With this in mind, we've spent a tremendous amount of time and effort researching, planning, and interviewing—setting up a program that will bring together literally dozens of sales and marketing professionals who will offer their expertise, ideas, and insights to those of you at "Power Selling '91." To give you an idea of what we have in store, here's a partial list of the four seminar tracks and some of the topics and titles to be covered:

Track 1: Sales Force Management
- Prepackaged Training Programs—Yes or No?
- Organizing and Executing a Team-Selling Program
- Telemarketing: Will It Replace the Field Salesperson?
- Recruiting: Avoiding the $50,000 Mistake

Track 2: Markets and Market Research
- Turning Your PC into a Demographic Database
- Marketing to Minorities: Is It Worth the Effort?
- Practical Applications of Geographic Information Systems
- The 1990 Census: Implications for Sales and Marketing

Track 3: Sales Force Automation
- Better Leads through Automation
- Software: How to Select the Best from the Rest
- PC-Based Presentation Systems: The Next Wave
- Balancing the Business and Human Aspects of SFA

Track 4: The Marketing Mix
- Are Your Salespeople Trade Show Duds?
- Cutting-Edge Concepts in Sales Promotion
- Integrated Direct Marketing: Managing the Mix
- Meetings: What Every Novice Planner Should Know

As you can see, we've come up with what we feel will be a stimulating, comprehensive, and controversial program—all in all, a heady mixture of trends, theories, and techniques that should broaden the horizons of every attendee at "Power Selling '91." With our registration package scheduled to be mailed over the next few weeks, the only thing I would add at this point is that I hope to see you all in Chicago come September.

Howard M. Neibart

Howard M. Neibart
Publisher

E-MAIL CARRIERS ATTEMPT TO CLEAR THEIR OWN HURDLES

Business users of E-mail (electronic mail) cleared the first of two hurdles recently when the major public carriers adopted the X.400 standard, which permits users to send messages to recipients on competitive systems ("Computers," January). The networks agreeing to break down these walls: AT&T Mail and Easy Link (the latter recently acquired from Western Union), MCI Mail, GTE's SprintMail, General Electronic Information Services' QuikComm, British Telecom's DialCom, and IBM Information Network.

The next major step is the exchange of address directories between networks. As Eric Arnum, editor of *Electronic Mail & Micro Systems*, points out: "Unless you know the mailbox address of the person you want to send a message to on another network, you [still] can't take advantage of X.400."

One industry group, the North American Directory Forum, is working on developing an "X.500" standard that would facilitate the cross-network exchange of directories. NADF hopes to get a pilot test started later this year.

However, not all observers see directory interchange as a critical issue. According to Ken Bosomworth, head of International Resource Development, a New Canaan, Conn., market research firm: "Most people who want to communicate with others already have their mailbox addresses."

Two other issues are also being tackled to make E-mail feasible on a broader basis, according to Michael Cavanagh, executive director of Electronic Mail Assn., Arlington, Va. One is extending interconnection across national boundaries so that a U.S. marketer can send electronic messages to sales offices anywhere in the world.

The second is bringing private E-mail systems within the interconnection fold of the major public carriers. These involve both those systems maintained on a subscription basis—such as CompuServe and Prodigy (the IBM-Sears joint venture)—and internal networks maintained by large corporations, such as Du Pont with an estimated 80,000 users and Procter & Gamble with an estimated 30,000 users.

Electronic Mailboxes in U.S. Units (Thous.)

TYPE	1989	1990	% CHANGE
LAN* E-mail software	1,175	3,000	+ 155%
Other private E-mail software	5,700	7,140	+ 25
Consumer E-mail services	880	1,375	+ 56
Business E-mail users	920	915	– 1
Total installed base	**8,675**	**12,430**	**+ 43%**

*LAN = Local Area Network.
SOURCE: International Resource Development.

GETTING "IT" RIGHT

Using information technology (IT) to gain a competitive edge is one rationale that's frequently offered in the debate over the benefits of computerization in sales and marketing. However, John Cecil, a principal of New York City-based management consultant McKinsey & Co.'s IT systems practice, and Michael Goldstein, a McKinsey associate, take issue with this particular line of logic in an article in the current issue of *The McKinsey Quarterly*.

Cecil and Goldstein contend that "CEOs of most companies are hard put to cite even one example of having achieved more than a short-lived advantage from their investments in IT. Few CEOs invest in IT to achieve sustainable advantage. Most view IT only as a necessity to remain competitive."

Of course, the rush to IT makes it harder for any one company to score a unique advantage in the marketplace. Other factors the authors cite:

- "Peer competitors generally start with equivalent application knowledge, which can be difficult to protect. Competitors can hire away key employees or use the same vendors and systems integrators to take advantage of the leader's experience."
- "Differences in IT development capabilities among competitors can usually be evened out by vendors. For many applications, followers can purchase packages or hire systems integrators and end up with an equivalent functionality at lower cost than the leaders."

Naturally, Cecil and Goldstein aren't out to kill the goose that brings many golden eggs to McKinsey. Rather, they say, the seeming failure of IT to produce long-term competitive advantage stems from management's inability to comprehend the implications IT has for the company's way of doing business as well as its preoccupation with IT as an end unto itself.

"Gaining a sustainable advantage with IT," say the authors, "depends on how you use it to change what you do in your business; attaining technical proficiency in IT isn't good enough." According to Cecil and Goldstein, IT investments make good on their promise if they are used to "extend or leverage existing forms of a sustainable advantage in a business" or to play competitive catch-up by "reducing" a particular disadvantage.

Making intensive use of proprietary information, such as customer data, is an example of the "extend" strategy. The authors cite an American Airlines program that "identifies its best customers through its frequent flier program and offers special benefits to the top two to three percent of fliers. These benefits—allowing customers to book flights that are 'full' to others or offering free upgrades to first class—differentiate American's service to its top customers."

To illustrate the use of IT as a "reduce" strategy, the two cite a small-scale industrial products company that may suffer a competitive *dis*advantage because it's unable to stock inventories in regional warehouses: "Moving to a centralized inventory, and using an overnight delivery service and systems that permit same-day shipment of orders, will help the company provide service equivalent to large competitors at equivalent or lower cost."

Whereas both strategies are cloaks for existing business strategies, the authors believe IT can be used more creatively as a "first-mover strategy" that "converts a temporary IT advantage into sustainable forms of advantage." This embodies three stages:

1. "Develop a vision of how to change the business using IT to deliver improved value to customers or to achieve better operating capability."
2. "Be the first to use the enhanced operational capability to achieve one or more first-mover advantages, including the opportunity to grow rapidly, penetrate distribution networks, or build a unique reputation."
3. "Exploit first-mover advantages to achieve other sustainable advantages, such as scale, customer loyalty, and brand franchises, which will survive even after competitors duplicate the systems capabilities." □